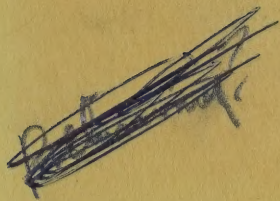


AR38



Canadian Pacific Railway Company Annual Report 1963

Canadian Pacific

In Canada

Canadian Pacific, an integral part of Canada from its inception, is growing with new vigour, imparting fresh impetus to the economic growth and stability of Canada through aggressive diversification in transportation and other spheres. This growth is based on a policy designed to meet the growing, changing needs of individuals and industries.

Plant and services have been enlarged and improved resulting in greater operating efficiency. Freight traffic performance reflects new handling techniques and the greater use of specialized equipment. Piggyback, trucking, merchandise services and express are meeting changing distribution requirements. Airlines are achieving high-level utilization of their jet fleet. Rail passengers are offered the economy of the "Faresaver Plan". Coastal and inland steamship traffic is related to improved services. Extension of services is under way in hotels and motor hotels. Telecommunications feature new microwave facilities. Increases have been made in the development and production of oil and gas, timber, and metals.

Growth is strengthened by the confidence of shareholders, the skills of Canadian Pacific personnel, and the use of new marketing methods. In many ways, Canadian Pacific is broadening the scope of its activities and constantly giving evidence of its faith and its ability to participate fully in the future of Canada.



CANADIAN PACIFIC RAILWAY COMPANY

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Notice to Shareholders

The Eighty-third Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the sixth day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon (daylight saving time, if operative).

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, Vancouver, New York and London at 3.30 p.m. on Tuesday, the fourteenth day of April, 1964. The Preference Stock Books will be closed in Montreal, Toronto, Vancouver and London at the same time.

All books will be re-opened on Thursday, the seventh day of May, 1964.

By order of the Board,

Montreal, March 9, 1964.

T. F. TURNER, Secretary.

BOARD OF DIRECTORS

G. H. BAILLIE, London, England

G. MAXWELL BELL, Calgary

*L. J. BELNAP, Montreal

SIR GEORGE BOLTON, K.C.M.G., London, England

*GEORGE W. BOURKE, Montreal

HON. F. PHILIPPE BRAIS, C.B.E., Q.C., Montreal

CYRIL F. H. CARSON, Q.C., Toronto

HON. J. V. CLYNE, Vancouver

*N. R. CRUMP, Montreal

*R. A. EMERSON, Montreal

G. BLAIR GORDON, Montreal

G. ARNOLD HART, M.B.E., Montreal

ALLARD JISKOOT, Amsterdam, Holland

LOUIS L. LANG, Waterloo

H. H. LANK, Montreal

R. S. McLAUGHLIN, Oshawa

LUCIEN G. ROLLAND, Montreal

H. E. SELLERS, C.B.E., Winnipeg

HOWARD C. SHEPERD, New York

*IAN D. SINCLAIR, Q.C., Montreal

*H. GREVILLE SMITH, C.B.E., Montreal

HAROLD M. TURNER, Toronto

*H. G. WELSFORD, M.B.E., Montreal

HENRY S. WINGATE, New York

*Member of
Executive Committee.

OFFICERS

N. R. CRUMP, *Chairman and President*, Montreal
R. A. EMERSON, *Vice-President*, Montreal
IAN D. SINCLAIR, Q.C., *Vice-President*, Montreal
G. H. BAILLIE, *Managing Director, Europe*, London, England
W. A. CROSBIE, *Vice-President and Comptroller*, Montreal
J. N. FRAINE, *Vice-President, Rail Operations*, Montreal
D. I. McNEILL, Q.C., *Vice-President, Personnel*, Montreal
H. P. MILLAR, *Vice-President, Purchases and Stores*, Montreal
H. C. REID, *Vice-President, Finance*, Montreal
J. M. ROBERTS, *Vice-President, Traffic*, Montreal
F. V. STONE, *Vice-President, Natural Resources*, Montreal
J. U. BRAZEAU, *Vice-President and General Manager, Atlantic Region*, Montreal
S. M. GOSSAGE, *Vice-President and General Manager, Prairie Region*, Winnipeg
L. R. SMITH, *Vice-President and General Manager, Pacific Region*, Vancouver
J. R. STROTHER, *Vice-President and General Manager, Eastern Region*, Toronto
W. R. JACKETT, Q.C., *General Counsel*, Montreal
J. A. WRIGHT, Q.C., *General Solicitor*, Montreal
J. HOLMES, *Treasurer*, Montreal
T. F. TURNER, *Secretary*, Montreal
R. F. TREMAYNE, *Deputy Secretary*, 8 Waterloo Place, London, S.W.1, England

STOCK TRANSFER AGENTS

BANK OF MONTREAL TRUST COMPANY
2 Wall Street, New York
THE ROYAL TRUST COMPANY
105 St. James Street West, Montreal
THE ROYAL TRUST COMPANY
80-82 Wellington Street West, Toronto
THE ROYAL TRUST COMPANY
626 West Pender Street, Vancouver
DEPUTY SECRETARY
8 Waterloo Place, London, S.W.1, England

STOCK LISTINGS

DEBENTURE STOCK (STERLING) LISTED ON:
London Stock Exchange
DEBENTURE STOCK (U.S. CURRENCY) LISTED ON:
New York Stock Exchange
PREFERENCE STOCK LISTED ON:
London Stock Exchange
ORDINARY STOCK LISTED ON: Montreal, Toronto, Vancouver,
New York and London Stock Exchanges

For more information,
shareholders should write to:
T. F. Turner, Secretary,
Canadian Pacific Railway Company,
Montreal 3, Canada.

HIGHLIGHTS

Year's Results	1963	1962	Increase or Decrease
Railway Revenues	\$ 477,197,937	\$ 453,169,224	\$24,028,713
Railway Expenses	441,936,070	424,191,611	17,744,459
Net Earnings.	35,261,867	28,977,613	6,284,254 +21.7
Ratio Railway Expenses to			
Railway Revenues	92.6%	93.6%	1.0%
Other Income	\$ 21,402,406	\$ 20,460,135	\$ 942,271
Interest and Rental Charges	16,538,162	17,079,483	541,321
Net Income	<u>40,126,111</u>	<u>32,358,265</u>	<u>7,767,846</u> +24
Dividends—Preference Stock	3,406,980	3,429,543	22,563
—Ordinary Stock	21,498,684	21,498,684	—
Balance for Modernization and			
Other Corporate Purposes	15,220,447	7,430,038	7,790,409
Net Income per Ordinary Share, after Preference Dividends	\$ 2.56	\$ 2.02	\$ 0.54

Tax Accruals

Income Taxes	\$ 28,770,000	\$ 24,360,000	\$ 4,410,000
Property and Other Taxes	14,430,583	14,600,762	170,179

Year-end Position

Working Capital	\$ 72,958,202	\$ 114,646,093	\$41,687,891
Investments	287,793,746	192,556,398	95,237,348
Properties	2,403,766,131	2,391,694,396	12,071,735
Funded Debt.	135,072,500	143,909,000	8,836,500

Traffic

Tons of Revenue Freight Carried . .	59,254,103	57,640,764	1,613,339 +2.8
Revenue Passengers Carried	6,748,859	6,439,836	309,023 +4.8

Employees

Employees, All Services	68,932	69,436	504
Total Payroll.	\$ 319,942,137	\$ 311,629,304	\$ 8,312,833

83rd Annual Report

OF THE DIRECTORS TO THE SHAREHOLDERS

THE YEAR IN REVIEW

Your Directors take pleasure in presenting herewith their report on the developments and results of an eventful year.

The net income of your Company, after fixed charges, amounted to \$40.1 million. After providing for dividends of 4% on Preference Stock, income available for Ordinary Stock dividends and for reinvestment amounted to \$36.7 million, or \$2.56 per share of Ordinary Stock, compared with \$28.9 million, or \$2.02 per share in 1962. Of the increased income available, \$3.0 million, or 20¢ per share, is attributable to the inclusion in the 1963 accounts of payments received from the Government of Canada in respect of traffic of part of the year 1962. Dividends totalling \$1.50 per share, the same as in the previous year, were declared on the Ordinary Stock.

Extensive improvements to plant and expansion of services, coupled with advances in marketing techniques, assisted Canadian Pacific in sharing the upsurge of economic activity in 1963. Railway freight traffic particularly reflected the upward trend in the country's industrial and agricultural production. The emphasis placed by your Company on sales promotion through intensified sales training, more rate research and more widespread advertising served to enhance the effects of the favourable business situation. At the same time, better service to shippers, as a result of continuing modernization of equipment, signal systems, terminal yards and other facilities, gave support to the sales effort. Effective liaison between shippers and all departments involved in the planning and provision of your transportation services was strengthened by the appointment during the year of special industry service representatives in each of the four regions across Canada. The "Faresaver" plan, offering passengers greater convenience, flexibility and economy, was introduced in October to encourage rail travel.

Marked progress was made by your wholly-owned subsidiary, Canadian Pacific Investments Limited, in carrying through a policy of diversification. Plans for utilization of timber resources were advanced with the purchase of lumber mills in the interior of British Columbia. The extensive — and highly successful — program of oil and gas exploration was progressed. A new subsidiary was incorporated to consolidate and administer your real estate holdings, and another to engage in management, under contract, of hotels and motor hotels. An investment fund was created to broaden this Company's investing activities.

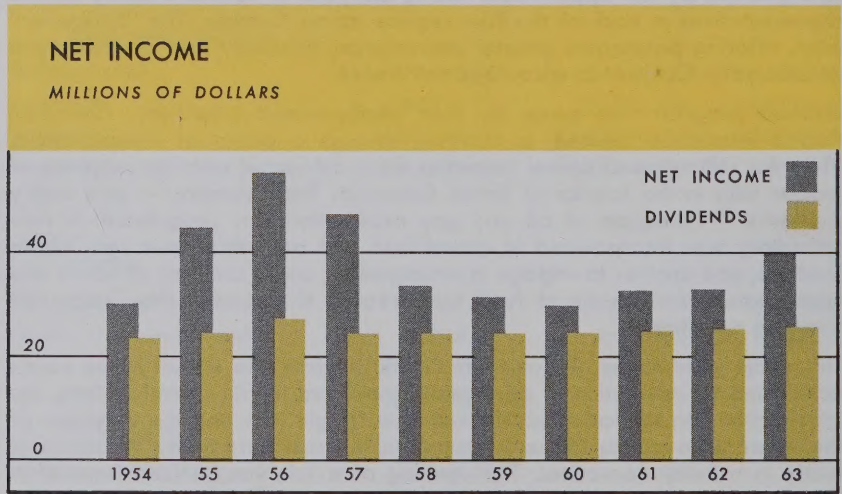
The whole wide range of Canadian Pacific services had a part in the year's achievements. Installation of additional centralized traffic control systems, the introduction into service of specialized new freight cars and the extension of the use of radio communication on trains and in yards were typical of advances made in railway operations. The opening of a fully mechanized terminal in Winnipeg to accommodate Merchandise Services completed the modernization

of facilities in Western Canada for integrated handling of express, less-than-carload and truck traffic. Five new terminals were opened and additional train services provided to accommodate movement of piggyback traffic. Purchase of a fifth new Super DC-8 jet aircraft made possible increased air services between the Orient and South America. An application was made by your Air Lines for authority to operate between Eastern Canada and Amsterdam. The cargo vessel "Beaverash" was acquired and placed in service. The "Princess of Acadia", a vessel previously operated in your British Columbia Coast Service, was transferred to the Bay of Fundy where it attracted increased patronage. The "Princess Patricia", after conversion to a luxury cruise ship, enjoyed a successful season in the Alaska service. By the end of the year construction was completed on the transcontinental trunk line of the micro-wave relay system undertaken jointly with the Canadian National. Modernization of your hotels was carried forward and a new type of reservation system was introduced and is being expanded.

Net railway earnings, at \$35.3 million, increased \$6.3 million over 1962. This increase results from the inclusion in the 1963 accounts of the \$3.0 million net after taxes received from the Government of Canada in 1963 but applicable to the year 1962.

Other Income, at \$21.4 million, was up \$942,000 over the previous year. Dividend income was higher, mainly because of the increased dividends paid by The Consolidated Mining and Smelting Company of Canada Limited. The financial results of Canadian Pacific Air Lines showed marked improvement. The termination at the end of 1962 of remaining reservation agreements and sales of mineral rights to Canadian Pacific Oil and Gas Limited reduced the amount of petroleum rents, royalties and reservation fees in Other Income. The loss from ocean steamships increased owing mainly to unprofitable passenger operations.

Capital expenditures for the year amounted to \$67 million, comprising \$44 million expended on railway plant and equipment, \$18 million on telecommunication facilities and \$5 million on steamships, hotels and other properties.



RAILWAY OPERATIONS

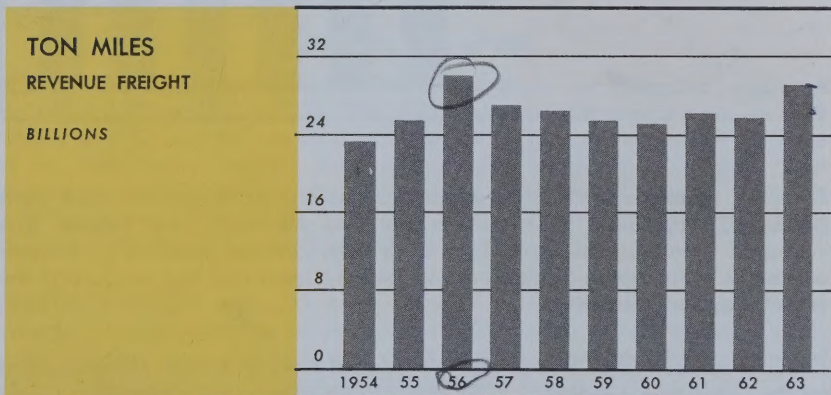
NET RAILWAY EARNINGS of \$35.3 million, after provision for income taxes of \$23.1 million, were \$6.3 million, or 22%, higher than in the previous year. On a comparable basis, allocating to the year 1962 the payments for that year received in 1963 from the Government in respect of freight rate reductions and the recommendations of the MacPherson Royal Commission, the 1963 net earnings show an improvement over 1962 of less than 1%.

RAILWAY REVENUES amounted to \$477.2 million, an increase of \$24.0 million, or 5%. These revenues include \$20.9 million of interim payments related to recommendations of the MacPherson Royal Commission on Transportation, of which \$1.6 million is referable to 1962. Also included is \$11.5 million of payments from the Government in respect of freight rate reductions, of which \$4.6 million is referable to 1962.

RAILWAY EXPENSES amounted to \$441.9 million, an increase of \$17.7 million, or 4%. Higher labour costs, including payments into the job security fund set up in January 1963, added more than \$7 million to the year's expenses.

Freight Traffic

FREIGHT REVENUE, at \$419.3 million, increased \$25.8 million, or 7%.

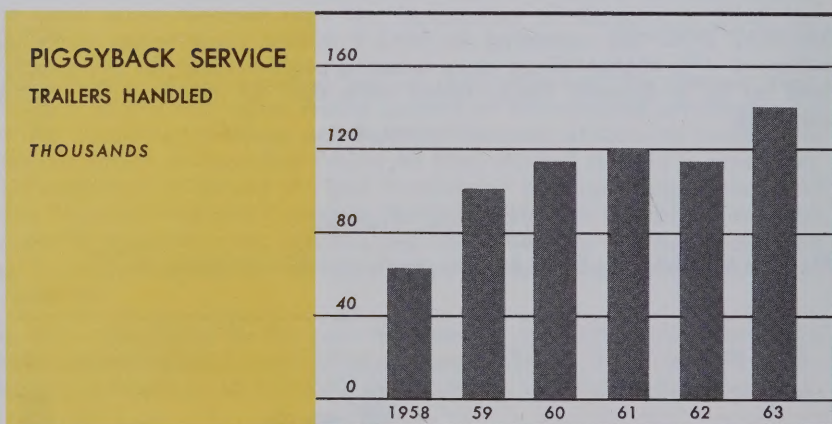


Freight traffic volume, measured in revenue ton miles, increased 12%, to which grain shipments contributed heavily. This was greater than the 7% increase in freight revenue including the additional Government payments received in 1963, and the average freight revenue per ton mile, at 1.44 cents, was accordingly down from 1.51 cents in 1962. In addition to grain, the following commodities showed substantial volume increases: sulphur, potash, manufactured iron and steel products, automobiles and agricultural implements. Reduced movements were recorded principally for crude petroleum, livestock and copper-nickel ores and concentrates.

MERCHANDISE SERVICES—Completion during the year of a mechanized terminal in Winnipeg marked another stage in the provision of facilities adapted to the handling of express, less-than-carload and truck traffic as an integrated operation, under one administration.

As part of its continuing effort to anticipate the needs of shippers, Merchandise Services placed in operation 25 new refrigerator trailers for the handling of fresh meat and frozen foods. These trailers are the most efficient available in Canada and were designed in conjunction with the National Research Council.

PIGGYBACK SERVICE—Continued growth of trailer-on-flat-car traffic was evident in the increase to 139,700 in the number of trailers handled, compared with 120,300 in 1961, the most recent year unaffected by labour disturbance in the trucking industry.



Five new terminals were opened and 100 new extra-length flat cars were purchased. Piggyback train service between Montreal and Toronto was increased from two trains per night, each way, to three trains, to give motor carriers a wider range of delivery and pick-up times and thus encourage the use of piggyback service.

FREIGHT RATES—The "freeze" on the general level of freight rates imposed by the Government in March 1959 continued in effect, and payments to compensate the railways for rate reductions made under the Freight Rates Reduction Act were extended to March 31, 1964.

The Cabinet suspended for a further period to June 30, 1964, the increase in bulk grain rates from Georgian Bay ports to the St. Lawrence River and Canadian Atlantic ports for export. The increase in rates was originally authorized by the Board of Transport Commissioners effective April 1, 1961.

During 1963 carload incentive rates were extended in both Eastern and Western Canada. Rate adjustments were introduced on lumber traffic from the interior of British Columbia to points on the Prairies, particularly Alberta.

Agreed charges continue to meet the needs of a growing number of shippers. During the year, 138 new agreed charge contracts were negotiated and at year end 998 such contracts were in effect.

Passenger Traffic

PASSENGER REVENUE, at \$25.0 million, was \$1.1 million, or 4% below 1962. In contrast, the number of passengers was up 5%. The average passenger journey was shorter.

The new "Faresaver" plan for encouraging travel by rail, introduced October 27, did not have a significant effect on revenues for the year as a whole, but indications are that the plan is attracting additional patronage.

Other Traffic

MAIL REVENUE, at \$5.1 million, was the same as in 1962.

EXPRESS—Net earnings from express operations included in railway revenues amounted to \$5.1 million, a decrease of \$829,000, or 14%. The transfer to Merchandise Services in mid-1962 of express operations in the Prairie Region, the non-recurrence of the heavy volume of traffic associated with the trucking strike of 1962, and rising wage costs accounted for lower express earnings.

Railway Expenses

ROAD AND EQUIPMENT MAINTENANCE—Road maintenance expenses increased \$2.3 million, or 3%, and equipment maintenance increased \$4.9 million, or 5%, over the previous year. Higher wage costs accounted for some of the additional expense; depreciation rates remained unchanged. Substantial elements of road and equipment invariably require repair following a heavy movement of traffic, as certain railway operating expenses are not incurred until after transportation work is performed.

TRANSPORTATION expenses were up \$3.1 million, or 2%. The ratio of transportation expenses to railway revenues decreased to 34.6% from 35.8% in the previous year, primarily as a result of the inclusion in 1963 revenues of Government payments relating to part of 1962.

WAGES—No major developments took place during the year between your Company and the unions representing the employees. Collective agreements covering all of the principal groups of railway employees were negotiated in 1962 and remained in force throughout 1963.

On November 1, notices were received from the unions representing non-operating railway employees demanding a one-year contract with a wage increase which, while unspecified as to amount, could exceed fifteen cents per hour if the claims of these unions were maintained. Demands were also made for changes and improvements in health and welfare benefits.

The Brotherhood of Railroad Trainmen representing the conductors, trainmen, yardmen and yardmasters of your Company served notices on November 2 requesting wage increases of 12% effective January 1, 1964, improvements in health and welfare benefits and statutory holiday pay and other rule changes. After the close of the year settlement was reached on a two-year contract providing for wage increases totalling 5%.

Settlement was also reached with the Brotherhood of Locomotive Engineers on a three-year contract commencing March 16, 1964, providing for wage increases totalling 12% for yard engineers and 3½% for road engineers and also for rule changes favourable to both the Company and the employees.

Properties

New freight train cars placed in service during 1963 consisted of 300 insulated box cars, 100 of which are equipped with load dividers; 75 tri-level automobile flat cars; 75 drop-bottom gondola cars for gypsum service; 100 piggy-back flat cars of 54-foot length; and 6 covered hopper cars of 70-ton capacity and made of aluminum. Three diesel-electric locomotives were returned to service after rebuilding, which included the most recent improvements available and the upgrading of their combined horsepower from 4,850 to 6,900.

The success of radio communication between terminal and locomotive and caboose in facilitating train movements prompted extension of this system to cover the area between Winnipeg and Cartier in Northern Ontario.

The track replacement program included the laying of 405 miles of new and relay rail, the installation of some 1.3 million ties, and the application of rock and gravel ballast to 546 miles of track. Centralized traffic control was installed on a total of 148 road miles including 73 miles in Northern Ontario and 58 miles in Manitoba-Saskatchewan. By year end, 3,741 miles of road were equipped with this and other types of automatic block signalling.

The ten-year program of relining the two spiral tunnels at Yoho in British Columbia was completed.

All major buildings were completed at the new automatic freight classification yard at Toronto. A welded steel railway bridge, among the first to be built in Canada, was installed to carry the "hump track" over a roadway and yard track. An unusual application of prestressed concrete railway spans was adopted for construction of an overpass carrying five tracks near the entrance to the new yard.

To serve the needs of industries, a total of 30 miles of new or extended industrial track was constructed. During the year, 302 new manufacturing, warehousing and distributing firms located on or near Canadian Pacific lines, and a further 364 industries expanded or relocated their facilities adjacent to your railway.

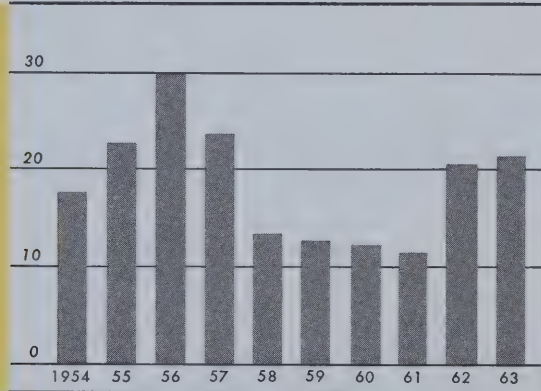
Negotiations with the City of Calgary have been under way for some time on a plan for relocating your Company's main line and for large scale redevelopment of the present right-of-way.

OTHER INCOME

Income of your Company from other operations and investments, after provision for income taxes of \$5.7 million, amounted to \$21.4 million, or \$942,000 more than in 1962. Details of Other Income are set out in a schedule on page 26. Amounts of net earnings mentioned in connection with the operations discussed below are, in each case, before provision for income taxes.

OTHER INCOME

MILLIONS OF DOLLARS



Steamships

Steamship operations resulted in a loss of \$2.9 million, compared with a profit of \$646,000 in 1962.

Net earnings of ocean steamships were down considerably in 1963, reflecting higher operating expenses and the effect of strikes at St. Lawrence River ports in October. While revenues from cruise operations were maintained at about the same level as in the previous year despite intense competition, the revenues of both your passenger liners and cargo vessels in the North Atlantic service declined.

The earnings of the new cargo vessels "Beaverfir" and "Beaverpine", which are owned by your subsidiary Canadian Pacific Steamships, Limited, are not included above. Operation of those vessels resulted in a profit in 1963, but of a smaller amount than in 1962. A dividend of \$250,000 declared by your steamship subsidiary from earnings of 1962 is included in the dividend income of your Company.

Your three "Empress" luxury liners again participated in a series of cruises in the early part of the year from United Kingdom and North American ports to the West Indies and the Mediterranean. After completing their regular summer service between St. Lawrence ports and the United Kingdom, the liners "Empress of Britain" and "Empress of England" were chartered to Travel Savings Limited for operation in cruise service principally between South Africa and South America.

Following the entry into service of the "Beaverash" at the beginning of 1963, the last of the larger and less economical ships acquired in the immediate post-war period, "Beaverdell", "Beavercove" and "Beaverglen", were sold. At the close of the year the Canadian Pacific "Beaver" fleet comprised four modern cargo vessels of the 6,000-ton class, two of which are owned by your subsidiary, Canadian Pacific Steamships, Limited. These vessels incorporate both economy and flexibility of operation and, like the cargo ships chartered

to supplement the "Beaver" fleet, are suitable for use through the St. Lawrence Seaway to ports on the Great Lakes.

To complete the current program of fleet modernization, an order was placed at the year end for another cargo vessel of the same class which is expected to enter service in the Spring of 1965. The new ship will incorporate a high degree of automation and will be strengthened for navigation in ice conditions.

Net earnings of your coastal steamships were down largely as a result of non-recurring revenues associated with the Seattle World's Fair held in 1962.

The "Princess Patricia", after conversion to a luxury cruise ship, was operated in the Alaska service. The "Princess of Nanaimo" of the British Columbia Coast Service was renamed "Princess of Acadia" and assigned to the Bay of Fundy Service, replacing the "Princess Helene", which was sold. The two other surplus coastal vessels, the "Princess Elaine" and the "Princess Louise" have also been sold, the latter after the close of the year.

Hotels

Net earnings from hotel operations, at \$1.1 million, were down \$640,000 from 1962. The absence of the high volume of business related to the Seattle World's Fair in the previous year was reflected in the lower earnings of the Empress Hotel; and intensified competition, together with fewer group tours because of a strike threat against United States railways, accounted for a reduction in earnings from your resort hotels at Lake Louise and Banff. Improved facilities at the Royal York Hotel and the Chateau Frontenac continued to attract additional business during 1963.

Major steps taken during the year to improve the competitive position of your hotels included the refurbishing of 670 guest rooms at the Royal York Hotel and the modernization and expansion of convention facilities at the Saskatchewan, Palliser and Royal Alexandra Hotels.

Your holdings of capital stock of the Vancouver Hotel Company Limited were sold to the Canadian National Railway Company and the agreement covering operation of the Hotel Vancouver was terminated. The Cornwallis Inn at Kentville, Nova Scotia, was sold in October.

Settlement of labour disputes was reached in 1963 between your Company and employees at the Empress, Palliser and Royal Alexandra Hotels.

Telecommunications

The operation of telecommunication services produced net earnings of \$2.1 million, a decrease of \$494,000. Lower overseas cable traffic, due to loss of exclusive interchange with Canadian Overseas Telecommunication Corporation in April 1962, and termination of the radio broadcast network service of the Canadian Broadcasting Corporation later in the same year, were responsible for a significant drop in revenues during 1963. Telegraph message traffic was also down, but this decrease was more than offset by an improvement in revenues from "Telex" and private wire services and from the new "Tel-Tex" service. Introduced early in 1963, "Tel-Tex" provides a rapid means of message communication between "Telex" subscribers and non-subscribers at major points in Canada and the United States. Higher wage costs continue to have an adverse effect on the results of telecommunication operations and accounted for an increase in expenses during 1963.

The Montreal to Vancouver micro-wave relay system, built jointly with the Canadian National, was completed at the close of the year, and service was inaugurated with the interconnection of trans-Atlantic and trans-Pacific co-axial submarine cables, under a long term lease to Canadian Overseas Telecommunication Corporation. The spurs to intervening major cities across Canada are now being completed and will greatly expand the facilities available to your Company for both commercial services and corporate uses.

Dividend Income

Income of your Company from investments in capital stock amounted to \$13.1 million, an increase of \$3.0 million over 1962. The dividends declared by The Consolidated Mining and Smelting Company of Canada Limited and taken up by your Company prior to sale of its interest to Canadian Pacific Investments Limited, were \$10.9 million, compared with \$9.3 million in 1962.

Other dividends included \$457,000 from Soo Line Railroad Company and \$250,000 from Canadian Pacific Steamships Limited. Neither of these companies declared dividends in the previous year.

Oil and Gas

The net income of your Company, exclusive of the earnings of Canadian Pacific Oil and Gas Limited, from petroleum rents, royalties, reservation fees and land rents, amounted to \$2.2 million, compared with \$3.4 million in the previous year. The decrease resulted mainly from the termination by the end of 1962 of reservation agreements, in line with the policy of developing petroleum resources through Canadian Pacific Oil and Gas Limited. During the year all the remaining mineral rights of your Company were sold to Canadian Pacific Oil and Gas Limited, and consequently in future years the whole of the revenues from such rights will be included in the income of that Company.

Miscellaneous Income

Interest income from temporary cash investments, funds in banks and other sources was \$1.6 million less than in 1962; gains on sales of temporary cash investments increased slightly.

The net income of Northern Alberta Railways Company, owned jointly with Canadian National Railways, was up considerably in 1963.

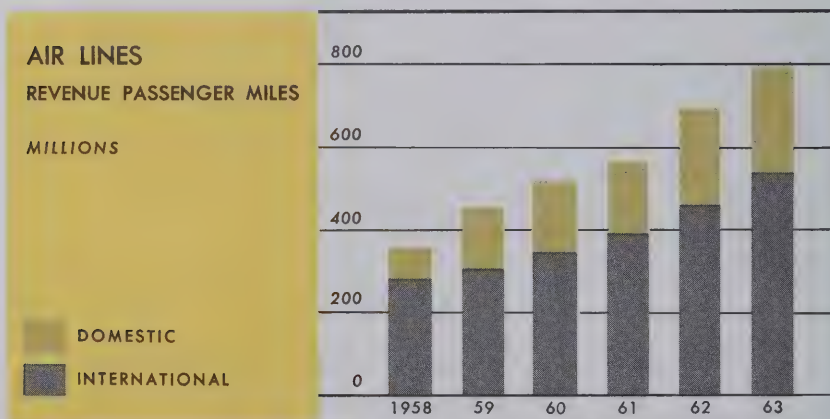
Canadian Pacific Air Lines, Limited

A profit of \$347,000 was reported by your Air Lines in 1963 after payment of interest of \$1.3 million to the Parent Company, and is reflected in the accounts of your Company in net income from separately operated properties. A loss of \$1.2 million was incurred in 1962.

The improvement of \$2.8 million in the year's results may be attributed mainly to a substantial increase in traffic volume along with the acquisition of a fifth Super DC-8 in May.

Operating revenue increased 15%, with fares remaining essentially unchanged. Operating expenses were up 11%, compared with an increase of 21% in available ton miles.

International transportation revenue increased 21%, with nearly all routes showing substantial increases. Frequency on the Polar route was increased from four to five flights per week during the summer season. Three of these flights were with Super DC-8's, and two with Britannias. Service to the Orient was increased to three flights weekly in May, and at the same time service on the Vancouver-Mexico sector was increased to three flights weekly. Service to Hawaii for the winter season of 1963-64 is on a daily except Monday basis, with four of the six flights being with Super DC-8's. Domestic transportation revenue also showed an increase over the previous year.



With the addition of the fifth Super DC-8 during the year and the sale of two Convair 240 and two Curtis C-46F aircraft, the fleet at the end of 1963 consisted of twenty-two aircraft.

Application has been made by your Air Lines for authority to operate between Eastern Canada and Amsterdam.

Soo Line Railroad Company

Income received from the Soo Line Railroad Company in 1963 amounted to \$2.2 million, of which \$457,000 related to your holdings of common stock in that Company and \$1.8 million to your investment in bonds of its predecessor companies. Total income received in the previous year was \$1.1 million from bonds of predecessor companies.

The net income in 1963 reported by the Soo Line Railroad Company, in which your Company has the controlling interest, was \$4.1 million, an increase of \$1.0 million over 1962. Greater traffic volume, together with a reduction in transportation costs, contributed to the improved results.

Highway Transport

Your subsidiary Canadian Pacific Transport Company, Limited, operating for a full year under Merchandise Services, handled substantially more tonnage than in 1962 and made greater use of piggyback service, thereby adding to railway revenues.

Revenues of your subsidiary Smith Transport Limited were substantially higher than in 1962, when a strike interrupted operations. Increases in certain rates also contributed to higher revenues. Wage rates, including fringe benefits, rose by some 5% during the year, in accordance with union contracts.

CANADIAN PACIFIC INVESTMENTS LIMITED

The first full year of operation of your wholly-owned investment company was one of vigorous growth. Its authorized capital was increased and a further \$110 million of capital stock was issued, bringing the total outstanding in the hands of your Company to \$123.7 million at year end. The funds thus available to Canadian Pacific Investments Limited were used partly to finance Pacific Logging Company Limited and Canadian Pacific Oil and Gas Limited and two newly formed companies, Canadian Pacific Hotels Limited and Marathon Realty Company Limited, all wholly-owned subsidiaries. The new hotel company was incorporated in order to broaden the scope of hotel activities; the new realty company will permit consolidation of the administration of your extensive real estate interests. Funds were also used to create an investment portfolio and to purchase from your Company its controlling interest in The Consolidated Mining and Smelting Company of Canada Limited.

The net earnings of Canadian Pacific Investments Limited amounted to \$497,000 for the year, representing principally interest income.

Canadian Pacific Oil and Gas Limited

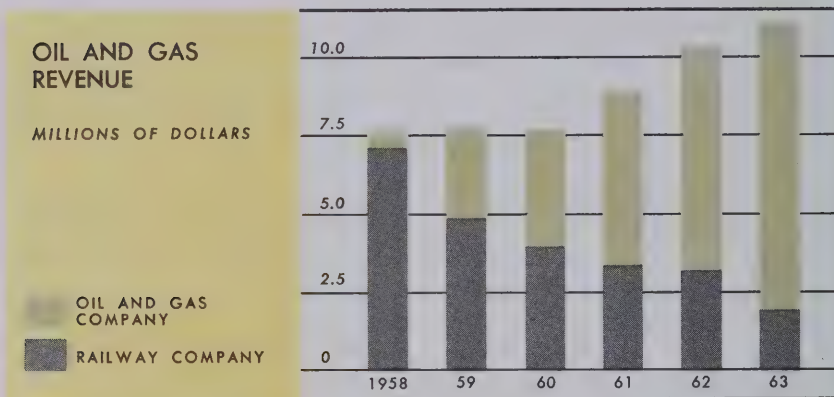
Canadian Pacific Oil and Gas Limited completed the purchase during the year of the remaining petroleum rights of your Company underlying 11.9 million acres of land in Western Canada. The excess over book values received by your Company for the sale of these petroleum rights, amounting to \$11.7 million, has been included in Retained Income. Reservations and leases were taken out on some 400,000 acres of Crown lands in the Provinces of Alberta and Saskatchewan.

The net earnings of Canadian Pacific Oil and Gas Limited amounted to \$5.6 million, an increase of \$1.7 million. These earnings were retained by that Company to finance exploration, development and the largest drilling program carried out in Alberta by any operator during 1963. The results of this program were 16 gas wells and 46 oil wells, bringing to 125.3 the number of net gas wells owned and to 73.8 the number of net oil wells owned at year end.

Revenue of this subsidiary from the production and sale of gas, oil and other petroleum liquids, totalled \$2.4 million, compared with \$1.6 million in 1962. Of the total, \$1.7 million was from the sale of 11.7 billion cubic feet of gas and \$660,000 from the sale of 398,000 barrels of oil and other plant liquids. At the year end, gas production was at the daily rate of 41.7 million cubic feet, compared with 28.8 million cubic feet at the previous year end. Oil production at the year end was averaging 1,500 barrels daily, compared with 500 barrels daily at the end of 1962.

Royalties received on the production of oil and gas from the mineral rights of Canadian Pacific Oil and Gas Limited leased to other operators amounted to

\$6.7 million, an increase of \$1.2 million. Of this increase, \$318,000 related to oil production, \$414,000 to gas production and \$492,000 to other production.



Canadian Pacific Oil and Gas Limited elected during 1963 to withdraw as a participant in the development of the Athabasca tar sands because it was not a party to the lease on which the development was to take place and had no means of marketing the output. Accordingly, it disposed of its holdings in Great Canadian Oil Sands Limited, at a profit.

Pacific Logging Company Limited

Expansion of the activities of Pacific Logging continued at a rapid pace in 1963. Logging operations on Vancouver Island were extended with the purchase from your Company of 66,000 acres of timber lands. The excess over book values received by your Company for the sale of the timber lands, amounting to \$12.2 million, has been included in Retained Income.

A 49% interest was acquired in T.W. McKenzie Logging Limited, one of the most efficient loggers on Vancouver Island. The assets of the Passmore Lumber Company Limited and its associated companies in the Slocan Valley of interior British Columbia were purchased. The annual production of the Passmore operation is approximately 35 million f.b.m. of lumber, much of which is sold in the United States.

Revenues of Pacific Logging for the year amounted to \$2.6 million and net earnings were \$253,000.

In furtherance of the policy of sustained yield management, Pacific Logging undertook reforestation of some 4,100 acres of timber lands, involving the planting of some 1.4 million seedlings. A test program of forest fertilization, with a view to accelerating the rate of tree growth, was carried out on 350 acres in co-operation with The Consolidated Mining and Smelting Company of Canada Limited. A more extensive program is planned for 1964.

Marathon Realty Company Limited

This subsidiary was incorporated for the purpose of managing and developing your Company's real estate interests. As the first phase of implementing the new policy, it is intended that Marathon Realty will purchase all lands administered by your Company's Department of Natural Resources.

Canadian Pacific Hotels Limited

To provide for the recent changes in your Company's hotel complex, a new company Canadian Pacific Hotels Limited was incorporated during 1963 and all the capital stock acquired by Canadian Pacific Investments Limited.

The immediate function of this new subsidiary is to undertake contracts for the management of hotels owned by outside interests and to hold miscellaneous investments connected with the hotel industry. By the close of the year, this subsidiary had entered into management contracts with the Ascot 27, a modern 102-room motor hotel near Toronto International Airport and with the Timberline Hotel, a 50-room, year-round resort hotel at Banff in the Canadian Rockies. Negotiations are under way on contracts for the management of hotels in other areas.

Early in 1963 a new service known as "Reserve-a-Room" was inaugurated. Designed initially to facilitate the making of hotel reservations at Canadian Pacific hotels and those managed by Canadian Pacific Hotels Limited, it was expanded to cover ten other hotels in Canada. It is expected that additional hotels in Canada and other countries will shortly be added to the service.

The Consolidated Mining and Smelting Company of Canada Limited

Net profit of this Company amounted to \$29.8 million, or \$1.82 per share, after providing \$16.9 million for income and mining taxes and \$10.9 million for depreciation of plants. The comparable earnings in 1962 were \$23.2 million, or \$1.42 per share.

Dividends declared were at the rate of \$1.30 per share, compared with \$1.10 in the previous year. Since the purchase of your Company's holdings of the capital stock of The Consolidated Mining and Smelting Company of Canada Limited by Canadian Pacific Investments Limited was completed after the final dividend record date, no dividend income relating to such holdings was included in the results of that Company for the year 1963.

Plant expansion to prepare for treating the zinc concentrates that will become available from the Pine Point mines is progressing on schedule. Zinc roasting facilities have been added at the Trail plant, sulphuric acid production is being increased, and a project for augmenting zinc refining capacity is under way. Meanwhile construction is going ahead on the railway line being built by the Government to Pine Point. Other programs include development of a phosphate property in Montana and a new metals research laboratory at Sheridan Park, near Oakville, Ontario.

CORPORATE AND FINANCIAL

Fixed Charges

Fixed charges, at \$16.5 million, were down \$541,000 in 1963 due principally to lower interest and amortization expenses resulting from the discharge of equipment trust certificates and the purchase and cancellation of collateral trust bonds.

Dividends Declared

Dividends were declared on Preference Stock at the same rates as in 1962, comprising 2% paid August 1, 1963 and 2% paid February 1, 1964. Dividends on Ordinary Stock amounted to \$1.50, the same as in the previous year, of which 75c was paid August 1, 1963 and 75c was paid February 28, 1964.

Finance

Serial equipment obligations amounting to \$4,883,000 were discharged during 1963.

Convertible Seventeen Year 4% Collateral Trust Bonds in the amount of \$1,231,000, Convertible Fifteen Year 3½% Collateral Trust Bonds in the amount of \$2,391,000, Convertible Twenty Year 3⅜% Collateral Trust Bonds in the amount of \$21,500 and \$310,000 of Eighteen Year 3¾% Collateral Trust Bonds, were purchased and cancelled.

The foregoing transactions resulted in a decrease of \$8,836,500 in Funded Debt, and a decrease of \$4,744,200 in the amount of Consolidated Debenture Stock pledged as collateral.

Land Transactions

Net proceeds from sales of properties amounted to \$26.3 million, an increase of \$20.7 million. Included were sales aggregating \$24.1 million for timber lands to Pacific Logging Company Limited and mineral rights to Canadian Pacific Oil and Gas Limited, both wholly-owned subsidiaries of Canadian Pacific Investments Limited, to which reference has been made on pages 15 and 16.

Balance Sheet

Total assets at the year end amounted to \$2,917.7 million, an increase of \$76.3 million.

Working capital, at \$73.0 million, decreased \$41.7 million. The details of additions and deductions are set out in a schedule on page 31.

Changes in investments included the purchase by your Company of additional shares of the capital stock of your wholly-owned subsidiary, Canadian Pacific Investments Limited, and the sale to that subsidiary of your holdings of the capital stock of The Consolidated Mining and Smelting Company of Canada Limited, to which reference has already been made on page 15.

The net additions to Properties during the year were \$12.1 million. Particulars of expenditures and retirements are contained in a supporting schedule on page 32.

The Tax Equalization Reserve, recording the amount of income taxes deferred since 1954 by claiming capital cost allowances for tax payment purposes in excess of depreciation accruals charged income, increased \$9.0 million.

Contingent Reserve, included in Investment and Other Reserves on the balance sheet, was charged with losses aggregating \$1.9 million incurred in connection with the early retirement and disposal of the post-war "Beaver" ships referred to on page 11.

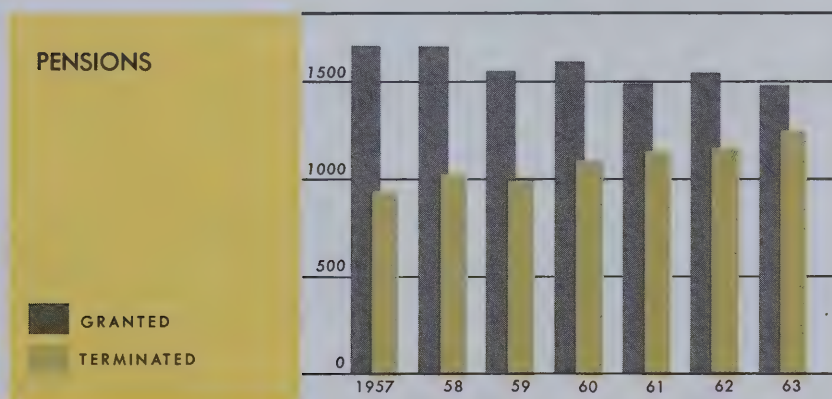
Capital Appropriations

Capital appropriations totalling \$15.4 million were authorized by your Directors in addition to those forecast in the last Report. These included \$6.7 million for freight cars, \$3.7 million for locomotives, \$1.1 million for new trackage, \$955,000 for hotels, \$791,000 for telecommunications and \$491,000 for stations and roadway buildings.

The capital appropriations forecast by your Company for 1964 are set out in a schedule on page 41.

Pensions and Other Benefits

Pension expenses of your Company for 1963 amounted to \$26.5 million, an increase of \$880,000, or 3%. This included the portion of allowances currently paid to pensioners, levies in respect of employees covered by the United States Railroad Retirement Act and contributions of \$6.4 million to the Pension Trust Fund. The portion of such contributions not subject to current withdrawal had accumulated, with interest, to \$100.7 million at the end of the year and will allow the Fund to bear a greater proportion of the cost of future pension benefits.



The number of pensions granted during 1963 was 1,480 while 1,256 were terminated by death and other causes. At December 31, the pension payroll had reached 19,503.

Payments made by your Company in respect of health and welfare benefit plans and unemployment insurance amounted to \$5.9 million.

By-laws

The following By-laws enacted by your Directors will be submitted for your approval: By-law No. 73 amending By-law No. 47 and By-law No. 49 as amended by By-laws 70 and 72 relating to stock transfer procedure; By-law No. 74 giving to directors and officers of the Company protection and indemnification against liabilities and expenses they may incur in respect of anything done in the course of their duties as such directors or officers; and By-law No. 75 amending By-law No. 32 relating to the powers of the Treasurer of the Company.

Directorate

In August, Mr. Robert J. Dinning, who joined the Board in 1950, asked that he be relieved of his responsibilities as a Director. The Board accepted his resignation with much regret. Mr. Dinning made a distinctive contribution as a Director and gave to the affairs of the Company the full benefit of his broad knowledge and wise counsel in matters related to the industrial and commercial life of Western Canada in general and, in particular, to the development of the Company's natural resources assets in that area.

Mr. George Maxwell Bell was appointed a Director to succeed Mr. Dinning.

In February of the present year, the Directors received with regret, the resignation of Mr. Harry Arkle, who joined the Board in March 1961, and who retired under the Company's pension rules from active service as an officer in the position of Managing Director, Europe, in March 1963.

Mr. Allard Jiskoot was appointed a Director to succeed Mr. Arkle.


The under-mentioned Directors will retire from office at the forthcoming Annual Meeting. They are eligible for re-election.

Mr. G. H. Baillie
Mr. R. A. Emerson
Mr. R. S. McLaughlin
Mr. Howard C. Sheperd
Mr. H. Greville Smith, C.B.E.
Mr. Henry S. Wingate

Patrons, Officers and Employees

Your Directors wish to express appreciation to the shippers and the travelling public for their patronage of Canadian Pacific services and to the officers and employees for their loyalty and co-operation in 1963.

For the Directors,



President.

Montreal, March 9, 1964.

Income Account

	1963	1962
Railway Revenues	\$477,197,937	\$453,169,224
Railway Expenses	441,936,070	424,191,611
	<hr/>	<hr/>
Net Earnings	\$ 35,261,867	\$ 28,977,613
Other Income	21,402,406	20,460,135
	<hr/>	<hr/>
	\$ 56,664,273	\$ 49,437,748
Fixed Charges	16,538,162	17,079,483
	<hr/>	<hr/>
Net Income	\$ 40,126,111	\$ 32,358,265
	<hr/>	<hr/>
Dividends:		
Preference Stock	\$ 3,406,980	\$ 3,429,543
Ordinary Stock	21,498,684	21,498,684
	<hr/>	<hr/>
	\$ 24,905,664	\$ 24,928,227
	<hr/>	<hr/>
Balance transferred to Retained Income Account	<u>\$ 15,220,447</u>	<u>\$ 7,430,038</u>

Retained Income Account

Retained Income (Balance) January 1.	<u>\$553,810,301</u>	<u>\$539,654,576</u>
Balance of Income Account		
for the year ended December 31.	\$ 15,220,447	\$ 7,430,038
Net Proceeds from Sales of Lands, Townsites and		
other Properties	26,285,578	5,576,483
Miscellaneous (Net).	2,613,636	1,149,204
	<hr/>	<hr/>
	\$ 44,119,661	\$ 14,155,725
	<hr/>	<hr/>
Retained Income (Balance) December 31,		
as per Balance Sheet.	<u>\$597,929,962</u>	<u>\$553,810,301</u>

Canadian Pacific *Railway Company*

ASSETS

Current Assets:

	1963	1962
Cash	\$ 13,203,839	\$ 38,998,420
Temporary Cash Investments	67,467,992	71,140,714
Special Deposits	5,129,839	5,253,649
Agents' and Conductors' Balances	28,856,792	27,944,995
Other Accounts Receivable	31,273,804	28,734,797
Material and Supplies	30,415,062	37,732,445
	<u>\$ 176,347,328</u>	<u>\$ 209,805,020</u>

Deferred Payments and Mortgages

on Properties	\$ 3,615,869	\$ 4,542,085
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Unsold Lands and Properties	\$ 8,644,520	\$ 8,815,294
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Insurance Fund	\$ 13,840,132	\$ 13,715,601
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Deferred Debits:

Unadjusted Charges and Other Assets	\$ 21,407,262	\$ 17,580,309
Unamortized Discount on Funded Debt	2,299,171	2,712,119
	<u>\$ 23,706,433</u>	<u>\$ 20,292,428</u>

Investments:

Controlled Companies	\$ 249,070,914	\$ 151,421,653
Other Companies	38,722,832	41,134,745
	<u>\$ 287,793,746</u>	<u>\$ 192,556,398</u>

Properties:

Railway	\$ 2,087,998,357	\$ 2,084,523,353
Telecommunications	91,015,196	73,743,691
Hotels	80,057,498	79,238,415
Steamships	80,808,869	91,000,148
Aircraft	51,073,384	50,980,867
Other Properties	12,812,827	12,207,922
	<u>\$ 2,403,766,131</u>	<u>\$ 2,391,694,396</u>
	<u><u>\$2,917,714,159</u></u>	<u><u>\$2,841,421,222</u></u>

GENERAL BALANCE SHEET DECEMBER 31

LIABILITIES

Current Liabilities:

	1963	1962
Accounts Payable and Wages Accrued	\$ 65,661,112	\$ 60,897,121
Taxes Accrued	11,115,249	7,906,819
Dividends Declared	12,927,457	12,918,642
Other Current Liabilities	13,685,308	13,436,345
	<u>\$ 103,389,126</u>	<u>\$ 95,158,927</u>

Deferred Liabilities	\$ 5,615,031	\$ 5,350,872
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Deferred Credits and Reserves:

Deferred Credits	\$ 4,330,257	\$ 3,942,709
Tax Equalization Reserve.	107,800,000	98,800,000
Insurance Reserve.	13,840,132	13,715,601
Investment and Other Reserves	20,887,392	22,463,025
	<u>\$ 146,857,781</u>	<u>\$ 138,921,335</u>

Provision for Depreciation	\$ 1,022,535,162	\$ 998,364,340
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Funded Debt.	\$ 135,072,500	\$ 143,909,000
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Debenture Stock.	\$ 292,548,888	\$ 292,548,888
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Shareholders' Equity:

Preference Stock	\$ 137,256,921	\$ 137,256,921
Ordinary Stock.	358,311,400	358,311,400
Premium on Stock.	38,528,724	38,528,724
Donations and Grants	79,668,664	79,260,514
Retained Income (Balance)	597,929,962	553,810,301
	<u>\$ 1,211,695,671</u>	<u>\$ 1,167,167,860</u>
	<u><u>\$2,917,714,159</u></u>	<u><u>\$2,841,421,222</u></u>

W. A. CROSBIE, Vice-President and Comptroller

Contingent Liabilities

At December 31, 1963, the Canadian Pacific Railway Company was contingently liable with respect to securities of the following companies:

THE CALGARY AND EDMONTON RAILWAY COMPANY—operated under lease by Canadian Pacific Railway Company. Guarantee and assumption of payment of principal £1,121,700 4% Consolidated Debenture Stock, terminable January 1, 2002, upon expiry of lease on January 1, 2002, or in alternative, renewal of lease.

Interest on the principal outstanding, excluding £92,268 held by Canadian Pacific Railway Company, is included as part of Rent for Leased Roads in Fixed Charges.

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY—predecessor of Minneapolis, St. Paul & Sault Ste. Marie Railroad Company now merged in Soo Line Railroad Company. Guarantee of interest payable in United States currency on principal of \$1,069,586 5½% First Refunding Mortgage Bonds, Series "B", dated to mature July 1, 1978.

Auditors' Report to the Shareholders of Canadian Pacific Railway Company

We have examined the General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1963, and the related financial statements, and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion the General Balance Sheet and related financial statements, when read in conjunction with the accompanying Annual Report of the Directors, are properly drawn up so as to present fairly the financial position of the Canadian Pacific Railway Company at December 31, 1963, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE WATERHOUSE & Co., Chartered Accountants.

Montreal, March 6, 1964

Railway Revenues

	1963	1962
Freight	\$419,321,731	\$393,494,458
Passenger	24,968,321	26,080,899
Sleeping, Dining, Parlour Car and News Service	10,370,742	10,379,003
Mail.	5,143,988	5,111,956
Express	5,098,968	5,927,826
Miscellaneous	12,294,187	12,175,082
	<u>\$477,197,937</u>	<u>\$453,169,224</u>

Railway Expenses

Road Maintenance.	\$ 82,911,730	\$ 80,603,033
Equipment Maintenance.	101,717,135	96,808,766
Traffic.	13,058,639	12,606,075
Transportation — Railway Line	165,164,071	162,106,578
Miscellaneous Railway Operations	7,769,285	7,295,986
General	38,761,172	37,734,368
Operating Expenses	<u>\$409,382,032</u>	<u>\$397,154,806</u>
Equipment Rents (Net) Cr.	3,180,595	Cr. 2,019,587
Joint Facility Rents (Net).	1,572,249	1,535,262
Railway Tax Accruals:		
Provision for Income Taxes.	23,100,000	16,200,000
Other Railway Taxes.	11,062,384	11,321,130
	<u>\$441,936,070</u>	<u>\$424,191,611</u>

Other Income

	1963	1962
Net earnings from steamships Dr.	\$ 2,907,686	\$ 646,386
Net earnings from hotel, telecommunication and other properties	3,367,883	4,434,727
Dividends	13,066,611	10,048,796
Net income from petroleum rents, royalties, reservation fees, and land rents	2,185,251	3,438,733
Net income from interest, separately operated properties and miscellaneous sources	11,360,347	10,051,493
	<u>\$ 27,072,406</u>	<u>\$ 28,620,135</u>
Provision for income taxes	5,670,000	8,160,000
	<u>\$ 21,402,406</u>	<u>\$ 20,460,135</u>

NOTE:—Income tax provisions are included in the accounts on the basis of depreciation accruals charged income while for tax payment purposes capital cost allowances are claimed. For the year there was a deferment of \$9 million taxes payable in respect of Railway and Other Income which liability has been added to the Tax Equalization Reserve.

Fixed Charges

Interest on Debenture Stock and Funded Debt:

Perpetual 4% Consolidated Debenture Stock	\$ 8,446,848	\$ 8,506,605
Equipment Trust Certificates	850,930	1,110,686
Collateral Trust Bonds	4,964,191	5,139,438
	<u>\$ 14,261,969</u>	<u>\$ 14,756,729</u>

Rent for Leased Roads:

Ontario and Quebec Railway	\$ 727,416	\$ 747,205
Quebec Central Railway	258,356	329,414
Other	590,957	607,855
	<u>\$ 1,576,729</u>	<u>\$ 1,684,474</u>

Guaranteed Interest:

Minneapolis, St. Paul & Sault Ste. Marie Railway Company Bonds	\$ 7,025	\$ 36,177
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Interest on Unfunded Debt.	<u>\$ 146,051</u>	<u>\$ 125,426</u>
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Amortization of Discount on Funded Debt.	\$ 546,388	\$ 476,677
	<u>\$ 16,538,162</u>	<u>\$ 17,079,483</u>

Investments—Controlled Companies

	Rate	Par Value or Principal Amount
The Alberta Stock Yards Company, Limited		
† Preferred Stock		\$ 372,500
† Common Stock		100,000
Advances		430,000
Aroostook Valley Railroad Company		
Capital Stock		256,400
Canadian Pacific Air Lines, Limited		
† Preference Stock	5%	9,750,000
† Ordinary Stock—No Par Value—2,600,000 shares	Cost	13,000,000
Advances		7,489,455
Canadian Pacific Express Company		
† Capital Stock		4,250,000
Canadian Pacific Investments Limited*		
† Capital Stock—No Par Value—12,373,222 shares	Cost	123,732,220
Canadian Pacific Steamships, Limited		
† Capital Stock—133,099 shares	Cost	3,811,225
Canadian Pacific Transport Company, Limited		
† Capital Stock		6,000,000
Central Terminal Railway Company		
† Capital Stock		2,000,000
Island Freight Service Limited		
† Capital Stock		500,000
Lethbridge Collieries, Limited		
Capital Stock		839,784
Midland Simcoe Elevator Company, Limited		
Capital Stock		392,000
The New Brunswick Cold Storage Company, Limited		
† Cumulative Preference Stock		25,000
† Ordinary Stock		50,000
Advances		25,000
Quebec Central Transportation Company		
† Capital Stock		292,000
Advances		73,210
Sault Ste. Marie Bridge Company		
Capital Stock		500,000
Advances		249,026
The Scottish Trust Company		
† Capital Stock		250,000
Advances		661,389
Seigniori Club Community Association, Limited		
† Capital Stock—No Par Value—10,000 shares	Cost	500,000
Smith Transport Limited		
† Preference Stock	5%	12,000,000
Carried forward		<u>\$187,549,209</u>

*See page 28 for details of investments.

Investments—Controlled Companies—Concluded

	Rate	Par Value or Principal Amount
<i>Brought forward</i>		\$187,549,209
Smithsons Holdings Limited		
† Preference Stock	5%	510,000
† Common Stock—No Par Value—10,000 shares Advances	Cost	14,213,163 900,000
Soo Line Railroad Company		
Common Stock—No Par Value—704,953 shares	Cost	28,269,860
*Duluth, South Shore and Atlantic Railroad Company		
† First Mortgage Income Bonds	4%	4,386,200
*Minneapolis, St. Paul & Sault Ste. Marie Railroad Company		
General Mortgage Income Bonds	4%	3,339,000
*Wisconsin Central Railroad Company		
First Mortgage Bonds	4%	1,586,500
General Mortgage Income Bonds	4 ½%	10,427,450
Other Controlled Companies	Cost	3,480,190
Carried on Balance Sheet at Cost - \$249,070,914.	Total	<u>\$254,661,572</u>
† Denotes complete ownership.		
* Obligation and liability assumed by Soo Line Railroad Company.		

Canadian Pacific Investments Limited

Investments

Controlled Companies:

	Cost
Canadian Pacific Oil and Gas Limited	
† Capital Stock—No Par Value—16,790,393 shares	\$ 16,790,393
Pacific Logging Company Limited	
† Capital Stock—No Par Value—15,199,690 shares	15,199,690
The Consolidated Mining and Smelting Company of Canada Limited	
Capital Stock—No Par Value—8,516,065 shares	19,208,118
Canadian Pacific Hotels Limited	
† Capital Stock—No Par Value—1,700 shares	170,000
Marathon Realty Company Limited	
† Capital Stock—No Par Value—2,000 shares	20,000
Pacific Coast Bulk Terminals Limited	
Capital Stock—No Par Value—265,000 shares	265,000

Other:

Bonds and Other Fixed Interest Obligations	50,642,017
Preferred Stocks	6,472,605
Common Stocks	15,493,382
Total	<u>\$124,261,205</u>

†Denotes complete ownership

Investments—Other Companies

	Rate	Par Value or Principal Amount
The Canadian Pacific Car and Passenger Transfer Company, Limited		
Capital Stock		\$ 50,000
Northern Alberta Railways Company		
First Mortgage Bonds	4%	16,902,500
Capital Stock		8,540,000
The Public Markets, Limited		
Capital Stock		575,000
The Shawinigan Falls Terminal Railway Company		
Capital Stock		62,500
The Toronto, Hamilton and Buffalo Railway Company		
Capital Stock		1,469,500
The Toronto Terminals Railway Company		
First Mortgage Bonds	5%	10,852,200
Capital Stock		250,000
Advances		295,000
Miscellaneous	Cost	683,606
Carried on Balance Sheet at Cost - \$38,722,832.		
Total		<u><u>\$ 39,680,306</u></u>

Securities—Leased Railway Companies

	Rate	Par Value or Principal Amount
Aroostook River Railroad Company		
† Capital Stock		\$ 793,550
Atlantic and North-West Railway Company		
† Promissory Note	4%	3,471,000
† First Mortgage Bonds, Eganville Branch	4%	302,400
† Capital Stock (Guaranteed)		3,240,000
† Common Stock		180,000
The Calgary and Edmonton Railway Company		
† Mortgage Bonds	4%	7,440,000
Consolidated Debenture Stock	4%	449,038
† Capital Stock		1,000,000
The Dominion Atlantic Railway Company		
† First Refunding Mortgage Bonds	4%	7,000,000
Preference Stock		1,313,122
Ordinary Stock		1,101,849
The Esquimalt and Nanaimo Railway Company		
† Mortgage Bonds	4%	7,165,000
† Capital Stock		2,500,000
The Grand River Railway Company		
† Mortgage Bonds	4%	426,000
† Capital Stock		125,000
Houlton Branch Railroad Company		
Capital Stock		27,600
Carried forward		
		<u><u>\$ 36,534,559</u></u>

Securities — Leased Railway Companies — Concluded

	Rate	Par Value or Principal Amount
Brought forward		\$ 36,534,559
The Kingston and Pembroke Railway Company		
† Mortgage Bonds	4%	1,075,000
First Preferred Stock		995,450
Second Preferred Stock		138,500
Common Stock		2,045,900
The Lake Champlain and St. Lawrence Junction Railway Company		
First Mortgage Bonds	4%	202,000
Capital Stock		175,000
The Lake Erie and Northern Railway Company		
† Consolidated Mortgage Bonds	4%	2,317,500
Capital Stock		1,406,725
Manitoba and North Western Railway Company of Canada		
† First Mortgage Bonds	5%	160,600
† First Mortgage Bonds	6%	2,628,000
† Mortgage Bonds	5%	12,196,000
† Permanent Debenture Stock	5%	613,200
† Preference Stock		415,000
Capital Stock		5,613,113
Massawippi Valley Railway Company		
Capital Stock		691,400
The Montreal and Atlantic Railway Company		
† Mortgage Bonds	5%	1,125,000
Capital Stock		3,120,000
The New Brunswick Railway Company		
Perpetual Consolidated Debenture Stock	4%	43,712
The New Brunswick and Canada Railroad Company		
Perpetual Guaranteed Debenture Stock	3½%	77,526
Capital Stock		576,300
Newport and Richford Railroad Company		
† First Mortgage Bonds	4%	450,000
† Capital Stock		350,000
Ontario and Quebec Railway Company		
Permanent Debenture Stock	5%	1,360,356
Common Stock		259,700
Quebec Central Railway Company		
First Mortgage Debenture Stock	4%	225,784
† Bond	4¼%	2,014,352
Capital Stock		363,949
The St. Lawrence and Ottawa Railway Company		
First Mortgage Bonds	4%	253,554
Preference Stock		762,197
The Saskatchewan and Western Railway Company		
† First Mortgage Bonds	5%	181,040
† Capital Stock		232,500
Toronto, Grey and Bruce Railway Company		
First Mortgage Bonds	4%	1,421,553
Capital Stock		668,100
The West Ontario Pacific Railway Company		
† Capital Stock		221,000
Cost—\$59,862,978—Included in Railway Property on the Balance Sheet.	Total	<u>\$ 80,914,570</u>

† Denotes complete ownership

Changes in Working Capital

Working Capital December 31, 1962 \$114,646,093

ADDITIONS:

Balance of Income Account transferred to Retained Income . . .	\$ 15,220,447	
Net Proceeds from Sales of Lands and Townsites and Other Credits to Retained Income.	28,899,214	
Provision for Depreciation	69,353,941	
Income Taxes Deferred	9,000,000	
Salvage from Depreciable Property Retired	8,898,770	
	<u> </u>	131,372,372
		<u>\$246,018,465</u>

DEDUCTIONS:

Additions to Properties	\$ 67,001,616	
Increase in Investments	95,237,348	
Retirement of Funded Debt	8,836,500	
Sundry Changes—Net	1,984,799	
	<u> </u>	173,060,263

Working Capital December 31, 1963 \$ 72,958,202

Changes in Investments

December 31, 1962 \$192,556,398

Controlled Companies:

Additions and Exchanges	\$154,753,121	
Reductions and Exchanges.	<u>57,103,860</u>	\$ 97,649,261

Other Companies:

Additions.	\$ 320,003	
Reductions	<u>2,731,916</u>	(2,411,913)
		<u>95,237,348</u>

December 31, 1963, as per Balance Sheet \$287,793,746

Changes in Properties

	Balance December 31, 1962	Additions	Retirements and Transfers	Balance December 31, 1963
Railway.	\$2,084,523,353	\$ 43,635,409	\$ 40,160,405	\$2,087,998,357
Telecommunications	73,743,691	18,254,774	983,269	91,015,196
Hotels	79,238,415	2,180,441	1,361,358	80,057,498
Steamships	91,000,148	2,382,675	12,573,954	80,808,869
Aircraft	50,980,867	92,517	—	51,073,384
Other Properties	12,207,922	455,800	(149,105)	12,812,827
	<u>\$2,391,694,396</u>	<u>\$ 67,001,616</u>	<u>\$ 54,929,881</u>	<u>\$2,403,766,131</u>

Provision for Depreciation

	Balance December 31, 1962	Appropriated from Income	Net Retirements and Transfers	Balance December 31, 1963
Railway.	\$ 876,365,797	\$ 56,270,036	\$ 33,895,552	\$ 898,740,281
Telecommunications	31,886,019	3,249,655	828,962	34,306,712
Hotels	47,546,318	2,284,020	1,096,579	48,733,759
Steamships	29,877,853	3,098,850	9,518,605	23,458,098
Aircraft	8,008,778	4,165,373	—	12,174,151
Other Properties	4,679,575	286,007	(156,579)	5,122,161
	<u>\$ 998,364,340</u>	<u>\$ 69,353,941</u>	<u>\$ 45,183,119*</u>	<u>\$1,022,535,162</u>

*After credits for salvage of \$8,898,770.

Funded Debt

*Collateral Trust Bonds:	<i>Rate</i>	<i>Date of Issue</i>	<i>Date of Maturity</i>	<i>Currency</i>	<i>Principal Outstanding</i>
†Convertible Fifteen Year . . .	.3 ½%	Oct. 1, 1951	Oct. 1, 1966	Canadian	\$ 18,199,000
†Convertible Seventeen Year . .	.4%	Dec. 1, 1952	Dec. 1, 1969	Canadian	26,569,000
†Convertible Twenty Year . . .	.3 ⅞%	April 1, 1950	April 1, 1970	Canadian	392,500
Eighteen Year. . . . .	.3 ¾%	Nov. 15, 1954	Nov. 15, 1972	Canadian	24,452,000
Thirty Year . . . . .	.3 ½%	Nov. 1, 1944	Nov. 1, 1974	United States	7,125,000
Twenty-Five Year . . . . .	.5%	Feb. 1, 1958	Feb. 1, 1983	Canadian	39,995,000
					<u>\$116,732,500</u>

Equipment Trust Certificates:

Serially to

Series "M" . . . . .	.3 ¼%	Jan. 2, 1954	Jan. 2, 1969	United States\$	8,340,000
Series "O" . . . . .	.4 ½%	June 2, 1958	June 1, 1968	Canadian	10,000,000
					<u>\$ 18,340,000</u>
					<u>\$135,072,500</u>

*Secured by pledge of Perpetual 4% Consolidated Debenture Stock aggregating, in principal amount, \$139,366,500.

†Conversion Privilege terminated.

Serial maturities of Equipment Trust Certificates in year 1964 total \$3,668,000.

Debenture Stock

Perpetual 4% Consolidated Debenture Stock:

	<i>Sterling</i>	<i>United States Currency</i>	<i>Canadian Currency</i>	<i>Total</i>
Issued:	£ 46,756,621	\$ 72,837,500	\$131,529,000	\$431,915,388
Less: Pledged as collateral .	—	7,837,500	\$131,529,000	\$139,366,500
	<u>£ 46,756,621</u>	<u>\$ 65,000,000</u>	<u>—</u>	<u>\$292,548,888</u>

Capital Stocks

Preference Stock—4% Non-Cumulative:

Issued: £28,203,477—in amounts of £1 and multiples thereof \$137,256,921

Voting Rights: Each £5 of stock entitles the holder to one vote.

Ordinary Stock:

Issued: 14,332,456 shares—\$25 Par Value \$358,311,400

Voting Rights: Each share entitles the holder to one vote.

Stock Holdings

	Ordinary		Preference		Total
	No. of	Voting	No. of	Voting	Voting
	Holdings*	Rights	Holdings*	Rights	Rights
Canada	35,802	41.70%	4,815	48.63%	43.66%
United Kingdom and other British	3,563	18.67	16,521	49.10	27.26
United States	21,363	28.27	80	0.41	20.40
Other Countries	1,395	11.36	541	1.86	8.68
	<u>62,123</u>	<u>100.00%</u>	<u>21,957</u>	<u>100.00%</u>	<u>100.00%</u>

*Includes only registered holders.

Mileage

Canadian Pacific Railway:		Miles Operated
Atlantic Region		2,485.4
including Dominion Atlantic Lines.	277.1	
Quebec Central Lines	354.6	
Eastern Region		3,276.9
including Lake Erie and Northern Railway.	44.3	
Grand River Railway	19.0	
Prairie Region.		6,129.5
Pacific Region.		4,806.3
		<hr/>
		16,698.1
Controlled Railway Companies:		
Aroostook Valley Railroad		32.0
Soo Line Railroad		4,692.0
		<hr/>
		4,724.0
		<hr/>
		21,422.1
		<hr/>

Rolling Stock Inventory

Motive Power:		
Diesel units		1,054
Freight Train Cars:		
Box, Automobile and Stock.	53,474	
Refrigerator, Tank and Covered Hopper	4,799	
Gondola, Ore and Open-top Hopper	14,989	
Flat — Piggyback and Other	5,302	
Conductors' Vans.	1,069	
	<hr/>	79,633
Passenger Train Cars:		
Rail Diesel Cars	54	
Coach	401	
Sleeping, Dining and Parlour	399	
Baggage, Mail and Express	538	
	<hr/>	1,392*
Boarding, Tool and Other Work Cars.		5,362

*Includes 11 cars in which the Company owns 36.04% interest and which are in Toronto, Hamilton and Buffalo line service.

Hotels

The Digby Pines, Digby, N.S.	Saskatchewan, Regina, Sask.
Algonquin, St. Andrews, N.B.	Palliser, Calgary, Alta.
Chateau Frontenac, Quebec, Que.	Banff Springs, Banff, Alta.
Royal York, Toronto, Ont.	Chateau Lake Louise, Lake Louise, Alta.
Royal Alexandra, Winnipeg, Man.	Empress, Victoria, B.C.

Steamships

Ocean

	Beaverash	Beaverelm	
Empress of Britain	Empress of Canada	Empress of England	
Gross Tonnage — 86,872			

Coastal

Princess of Acadia	Princess Louise	Princess Marguerite
Princess Patricia	Princess of Vancouver	
Transfer No. 4	Transfer No. 9	
Gross Tonnage — 31,335		

Inland

Assinibola	Keewatin	Okanagan
	Naramata	
Gross Tonnage — 8,135		

THE RAILWAY DOLLAR 1963

MANUFACTURES
AND
MISCELLANEOUS



49¢

Where it came from

PRODUCTS
OF FARMS



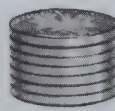
17¢

PRODUCTS
OF MINES
AND FORESTS



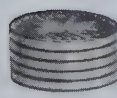
22¢

PASSENGER



7¢

OTHER



5¢

PAYROLL,
PENSIONS
AND
BENEFITS



54¢

Where it went

MATERIAL
AND
SUPPLIES



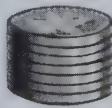
19¢

DEPRECIATION



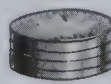
12¢

TAXES
AND
OTHER
EXPENSES



7¢

FIXED
CHARGES



4¢

DIVIDENDS,
IMPROVEMENTS,
ETC.



4¢

This chart reflects payments applicable to the year 1962 received in 1963, referred to on page 7 of this report.

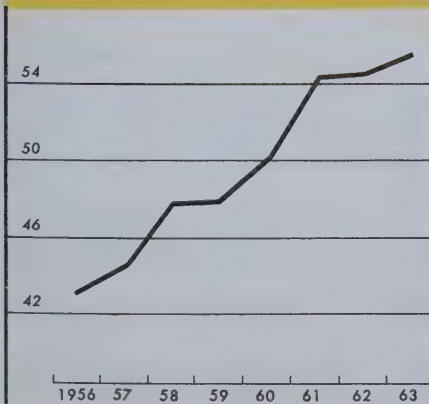
Transportation and Traffic Statistics

	Year 1963	Year 1962	Increase or Amount or Number	Decrease Percent
Freight Traffic				
Freight revenue \$	419,321,731	393,494,458	25,827,273	6.6
Tons—Revenue freight.	59,254,103	57,640,764	1,613,339	2.8
Tons—All freight	61,475,469	59,623,114	1,852,355	3.1
Ton miles—Revenue freight	29,134,471,000	26,059,945,000	3,074,526,000	11.8
Ton miles—All freight	29,803,812,000	26,733,249,000	3,070,563,000	11.5
Averages per Mile of Road				
Freight revenue \$	25,047	23,390	1,657	7.1
Total freight train car miles.	79,794	74,779	5,015	6.7
Ton miles—Revenue freight	1,740,244	1,549,039	191,205	12.3
Ton miles—All freight	1,780,225	1,589,061	191,164	12.0
Averages per Train Mile				
Freight revenue. \$	17.33	16.95	0.38	2.2
Loaded freight car miles.	34.2	34.1	.1	.3
Empty freight car miles	19.8	18.8	1.0	5.3
Car miles—All classes	55.5	54.5	1.0	1.8
Ton miles—Revenue freight	1,204.0	1,122.3	81.7	7.3
Ton miles—All freight	1,231.6	1,151.3	80.3	7.0
Gross ton miles.	2,579.6	2,482.7	96.9	3.9
Averages per Loaded Car Mile				
Freight revenue \$	50.5	49.5	1.0	2.0
Ton miles—All freight	35.9	33.6	2.3	6.8
Miscellaneous Averages				
Revenue per ton of freight \$	7.08	6.83	0.25	3.7
Revenue per ton mile of freight . . . \$	1.44	1.51	0.07	4.6
Miles hauled—Revenue freight	491.7	452.1	39.6	8.8
Miles hauled—All freight.	484.8	448.4	36.4	8.1
Gross ton miles per train hour.	55,114	52,807	2,307	4.4
Train speed—Miles per hour	21.4	21.2	.2	.9
Classification of Revenue Tonnage Carried				
Products of agriculture.	13,384,415	11,857,276	1,527,139	12.9
Animals and animal products	463,149	516,647	53,498	10.4
Products of mines	18,590,084	18,521,163	68,921	.4
Products of forests	6,238,647	6,389,980	151,333	2.4
Manufactures and miscellaneous	20,195,146	20,012,791	182,355	.9
Total Carload Traffic	58,871,441	57,297,857	1,573,584	2.7
All less carload freight.	382,662	342,907	39,755	11.6
Total Carload and L.C.L. Traffic	59,254,103	57,640,764	1,613,339	2.8

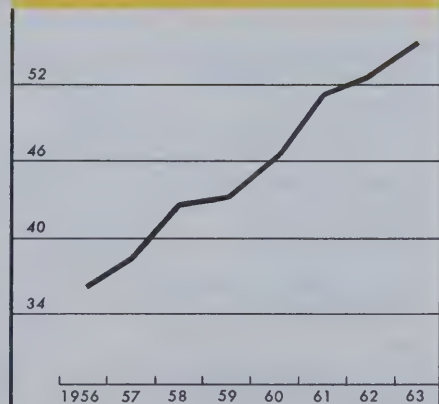
Transportation and Traffic Statistics—Continued

	Year 1963	Year 1962	Increase or <i>Decrease</i>	
			Amount or Number	Percent
Passenger Traffic				
Passenger revenue \$	24,968,321	26,080,899	1,112,578	4.3
Passenger service train revenue . . . \$	39,079,088	41,227,656	2,148,568	5.2
Revenue passengers carried	6,748,859	6,439,836	309,023	4.8
Revenue passenger miles.	839,356,000	844,578,000	5,222,000	.6
Averages per Train Mile				
Passenger revenue \$	2.51	2.58	0.07	2.7
Passenger service train revenue . . . \$	3.93	4.08	0.15	3.7
Car miles—All classes	9.8	9.5	.3	3.2
Revenue passenger miles.	84.4	83.6	.8	1.0
Gross ton miles.	630.3	616.8	13.5	2.2
Averages per Car Mile—Passenger				
Passenger revenue ¢	44.3	47.0	2.7	5.7
Revenue passenger miles.	14.9	15.2	.3	2.0
Miscellaneous Averages				
Revenue per passenger \$	3.70	4.05	0.35	8.6
Revenue per passenger mile ¢	2.97	3.09	0.12	3.9
Miles carried—Revenue passengers . .	124.4	131.1	6.7	5.1

**AVERAGE NUMBER OF CARS
PER FREIGHT TRAIN**



**GROSS TON MILES
PER FREIGHT TRAIN HOUR**
THOUSANDS



Transportation and Traffic Statistics—Concluded

	Year 1963	Year 1962	Increase or Amount or Number	Decrease Percent
Average Miles of Road Operated	16,741.6	16,823.3	81.7	.5
Train Miles				
Freight service	24,198,405	23,219,395	979,010	4.2
Passenger service:				
With locomotives	6,890,191	6,867,133	23,058	.3
Rail motor cars.	3,052,250	3,231,039	178,789	5.5
Total	9,942,441	10,098,172	155,731	1.5
Total Transportation Service	34,140,846	33,317,567	823,279	2.5
Diesel Unit Miles				
Freight service	53,968,854	49,440,871	4,527,983	9.2
Passenger service.	15,222,060	15,237,539	15,479	.1
Switching service—Road and yard. . .	10,168,695	10,211,419	42,724	.4
Total Transportation Service	79,359,609	74,889,829	4,469,780	6.0
Car Miles				
Freight				
Loaded.	830,765,130	795,249,038	35,516,092	4.5
Empty	478,446,003	437,403,774	41,042,229	9.4
Caboose	26,668,043	25,378,635	1,289,408	5.1
Total	1,335,879,176	1,258,031,447	77,847,729	6.2
Passenger				
Coach	25,566,526	24,752,974	813,552	3.3
Sleeping, parlour and observation. . .	30,778,796	30,794,616	15,820	.1
Baggage, mail and express	35,994,731	37,471,045	1,476,314	3.9
Dining and other	5,455,793	5,129,834	325,959	6.4
Total	97,795,846	98,148,469	352,623	.4
Total Transportation Service	1,433,675,022	1,356,179,916	77,495,106	5.7
Gross Ton Miles				
Freight service—Cars and contents. . .	62,422,278,000	57,647,286,000	4,774,992,000	8.3
Passenger service—Cars only	6,266,765,000	6,228,335,000	38,430,000	.6
Total Transportation Service	68,689,043,000	63,875,621,000	4,813,422,000	7.5
Revenues and Expenses				
Averages per Mile of Road				
Railway revenues. \$	28,460	26,898	1,562	5.8
Operating expenses. \$	24,435	23,591	844	3.6
Net operating revenue. \$	4,025	3,307	718	21.7
Averages per Train Mile				
Railway revenues. \$	13.95	13.58	0.37	2.7
Operating expenses. \$	11.98	11.91	0.07	.6
Net operating revenue. \$	1.97	1.67	0.30	18.0
Percent Operating Expenses to				
 Railway Revenues	85.79	87.64	1.85	2.1
Payroll				
Charged operating expenses \$	228,004,994	223,156,459	4,848,535	2.2
Percent to railway revenues	47.78	49.24	1.46	3.0
Percent to operating expenses	55.69	56.19	.50	.9

Anticipated Capital Appropriations—1964

Station and Roadway Buildings.		\$ 820,846
Shops and Enginehouses.		843,100
Bridges, Tunnels and Culverts		1,518,980
Existing Trackage		
Ties.	\$ 4,578,059	
Rails	11,324,200	
Other Track Material.	567,300	
Ballast.	557,800	
Signals	2,819,900	
	<hr/>	19,847,259
New Trackage		2,044,400
Other Road Facilities		2,331,100
Rolling Stock		
Locomotives.	\$ 117,820	
Freight Cars	20,477,780	
Miscellaneous	710,525	
	<hr/>	21,306,125
Shop Machinery		716,730
Highway Vehicles		1,105,500
Telecommunications.		6,187,105
Hotels.		1,278,442
Steamships		
Ocean Steamships	\$ 6,644	
Coastal Steamships	146,000	
	<hr/>	152,644
Other Properties		1,750
		<hr/>
		<u>\$58,153,981</u>

Summary of Operations

Year	Railway Revenues	Railway Expenses	Net Earnings	Ratio to Revenues	Other Income	Income before Fixed Charges
1944	\$318,871	\$275,711	\$43,160	13.5%	\$12,371	\$55,531
1945	316,109	280,055	36,054	11.4	15,107	51,161
1946	292,496	271,653	20,843	7.1	22,780	43,623
1947	318,586	295,694	22,892	7.2	24,789	47,681
1948	355,250	336,831	18,419	5.2	24,865	43,284
1949	363,252	342,620	20,632	5.7	23,637	44,269
1950	378,577	340,557	38,020	10.0	23,237	61,257
1951	428,912	402,099	26,813	6.3	29,343	56,156
1952	457,809	428,878	28,931	6.3	22,652	51,583
1953	470,572	441,687	28,885	6.1	16,802	45,687
1954	422,642	395,609	27,033	6.4	17,835	44,868
1955	448,599	411,272	37,327	8.3	22,894	60,221
1956	505,262	463,926	41,336	8.2	30,034	71,370
1957	487,565	449,319	38,246	7.8	23,442	61,688
1958	467,411	430,919	36,492	7.8	13,409	49,901
1959	477,806	441,760	36,046	7.5	12,678	48,724
1960	457,106	423,431	33,675	7.4	12,402	46,077
1961	465,490	427,839	37,651	8.1	11,717	49,368
1962	453,169	424,191	28,978	6.4	20,460	49,438
1963	477,198	441,936	35,262	7.4	21,402	56,664

FOR THE YEARS 1944 TO 1963

Fixed Charges	Net Income	Preference Dividends (Payable in Sterling)	Net Income after Preference Dividends		Dividends per Ordinary Share	Year
			Total	Per Ordinary Share		
\$20,831	\$34,700	\$5,043	\$29,657	\$2.21	\$1.25	1944
19,547	31,614	5,031	26,583	1.98	1.25	1945
18,488	25,135	4,558	20,577	1.53	1.25	1946
15,787	31,894	4,558	27,336	2.04	1.25	1947
15,890	27,394	4,558	22,836	1.70	1.25	1948
14,544	29,725	3,873	25,852	1.93	1.25	1949
13,390	47,867	3,389	44,478	3.32	1.50	1950
12,849	43,307	3,328	39,979	2.98	1.50	1951
12,504	39,079	3,103	35,976	2.61	1.50	1952
14,237	31,450	3,130	28,320	2.05	1.50	1953
15,042	29,826	3,091	26,735	1.94	1.50	1954
16,189	44,032	3,136	40,896	2.94	1.50	1955
15,752	55,618	3,080	52,538	3.76	1.75	1956
14,902	46,786	3,029	43,757	3.11	1.50	1957
16,998	32,903	3,068	29,835	2.09	1.50	1958
17,435	31,289	3,029	28,260	1.97	1.50	1959
17,106	28,971	3,096	25,875	1.81	1.50	1960
16,907	32,461	3,204	29,257	2.04	1.50	1961
17,080	32,358	3,429	28,929	2.02	1.50	1962
16,538	40,126	3,407	36,719	2.56	1.50	1963

All dollars in thousands, except amounts per share.

STATE OF NEW YORK

NAME	RESIDENCE	EDUCATION	EXPERIENCE	REMARKS	DATE	STATUS
JOHN A. SMITH	ALBANY	B.S. 1955	1955-1960	First job	1960	Active
JANE D. JONES	ALBANY	B.S. 1958	1958-1962	Second job	1962	Active
ROBERT L. BROWN	ALBANY	B.S. 1960	1960-1965	Third job	1965	Active
MARY K. WHITE	ALBANY	B.S. 1962	1962-1967	Fourth job	1967	Active
WILLIAM H. BLACK	ALBANY	B.S. 1965	1965-1970	Fifth job	1970	Active
ELIZABETH C. GREEN	ALBANY	B.S. 1968	1968-1973	Sixth job	1973	Active
THOMAS R. HARRIS	ALBANY	B.S. 1970	1970-1975	Seventh job	1975	Active
SARAH L. KIM	ALBANY	B.S. 1972	1972-1977	Eighth job	1977	Active
CHARLES E. MILLER	ALBANY	B.S. 1975	1975-1980	Ninth job	1980	Active
MICHAEL J. DAVIS	ALBANY	B.S. 1978	1978-1983	Tenth job	1983	Active
LUCAS A. WILSON	ALBANY	B.S. 1980	1980-1985	Eleventh job	1985	Active
ANGELA M. MOORE	ALBANY	B.S. 1982	1982-1987	Twelfth job	1987	Active
ANDREW N. LYNN	ALBANY	B.S. 1985	1985-1990	Thirteenth job	1990	Active
STEPHANIE O. SCOTT	ALBANY	B.S. 1988	1988-1993	Fourteenth job	1993	Active
ANTHONY P. TAYLOR	ALBANY	B.S. 1990	1990-1995	Fifteenth job	1995	Active
CHRISTINA Q. ANDERSON	ALBANY	B.S. 1992	1992-1997	Sixteenth job	1997	Active
DAVID R. THOMAS	ALBANY	B.S. 1995	1995-2000	Seventeenth job	2000	Active
EMILY S. MARTIN	ALBANY	B.S. 1998	1998-2003	Eighteenth job	2003	Active
FRANK T. JACKSON	ALBANY	B.S. 2000	2000-2005	Nineteenth job	2005	Active
GRACE U. HENRY	ALBANY	B.S. 2002	2002-2007	Twentieth job	2007	Active
HOWARD V. GIBSON	ALBANY	B.S. 2005	2005-2010	Twenty-first job	2010	Active
IDA W. COLEMAN	ALBANY	B.S. 2008	2008-2013	Twenty-second job	2013	Active
JAMES X. PERKINS	ALBANY	B.S. 2010	2010-2015	Twenty-third job	2015	Active
KAREN Y. ROBERTS	ALBANY	B.S. 2012	2012-2017	Twenty-fourth job	2017	Active
LEONARD Z. STEVENSON	ALBANY	B.S. 2015	2015-2020	Twenty-fifth job	2020	Active
MARION AA. HARRIS	ALBANY	B.S. 2018	2018-2023	Twenty-sixth job	2023	Active
NORMAN BB. LEE	ALBANY	B.S. 2020	2020-2025	Twenty-seventh job	2025	Active

Canadian Pacific

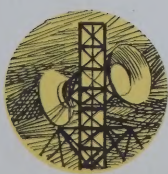
In The World

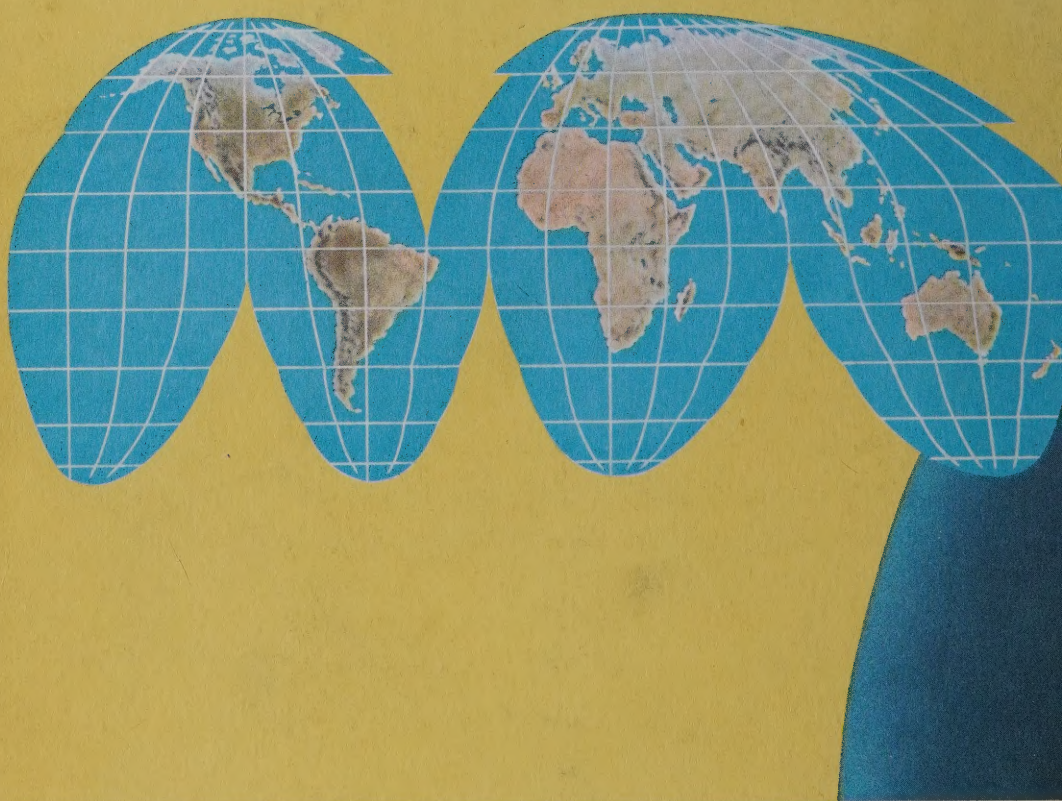
Canadian Pacific — a distinctively Canadian company that has become the world's most complete transportation system — continues to expand its international operations, adapting its services and equipment to meet and to anticipate the requirements of traders and travellers in the fast-changing world market.

Improved international traffic has resulted from the jet speed, comfort and reliability of Canadian Pacific Air Lines. White Empress liners have set high standards of service on trans-Atlantic trips and cruises. Transcontinental rail and air services, and hotels from sea-to-sea, are participating in the fast-growing international travel market on the basis of travel to and through Canada.

In freight traffic, changing patterns of world trade have been an important factor in freight achievements. In the expanding field of international commerce between Europe and Great Lakes ports, Canadian Pacific serves this market with a fleet of modern cargo vessels. And daily its telecommunications services carry words and pictures that help to bring people and markets together.

As a shareholder in Canadian Pacific, a broad-based organization with an active program of development and diversification, you have every reason to use and recommend its services in Canada . . . and around the world.





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